

Message Text

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71

ORIGIN L-03

INFO OCT-01 CCO-00 RSC-01 SS-20 SSO-00 ISO-00 ARA-16 NSC-07

DODE-00 EB-11 NSAE-00 TRSE-00 AEC-11 CIAE-00 COME-00

INR-10 INRE-00 NSCE-00 /080 R

DRAFTED BY L/ARA:DAGANTZ

APPROVED BY ACTING SECRETARY

ARA:JBKUBISCH

L:MBFELDMAN

EB/ITP:MWGLITMAN (DRAFT)

NSC:SLOW (SUB)

EB/ITP/EWT:RBWRIGHT (DRAFT)

L/EB:SBOND (SUB)

S/S: SFRY

----- 113991

O 102227Z MAY 74 ZFF4

FM SECSTATE WASHDC

TO AMCONSUL JERUSALEM IMMEDIATE

C O N F I D E N T I A L STATE 097726

TOSEC 499

E.O. 11652: GDS

TAGS: XR, PFOR

SUBJECT: LICENSING OF U.S. SUBSIDIARIES IN CUBA

FOR THE SECRETARY AND LEGAL ADVISER MAW

1. GENERAL MOTORS APPLIED MAY 7 TO TREASURY AND
COMMERCE FOR LICENSE WHICH WOULD PERMIT IT TO SEND SEVERAL
AUTOMOTIVE VEHICLES AND DISPLAY UNITS TO CUBA AS PART OF
ARGENTINE GOVERNMENT TRADE EXHIBITION THERE. VEHICLES AND
UNITS ARE TO BE SHIPPED FROM ARGENTINA ON OR ABOUT MAY 15
AND APPARENTLY WILL BE RETURNED TO ARGENTINA AFTER EXHIBI-
TION. USG DECISION REQUESTED BY MAY 10 BUT COULD PROBABLY
BE DELAYED UNTIL MAY 13. (VESSEL IS TO LEAVE ARGENTINA
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MAY 15.) VEHICLES INCLUDE AUTOS SUCH AS THOSE COVERED IN

GM SALES LICENSE APPLICATION AND HEAVY TRUCKS WHICH ARE NOT REPEAT NOT INCLUDED IN AMENDED APPLICATION.

2. TO OUR KNOWLEDGE NO OTHER U.S. FIRMS HAVE APPLIED FOR LICENSE TO PERMIT PARTICIPATION IN THIS TRADE EXHIBITION; HOWEVER, WE HAVE SOMEWHAT CONFLICTING INFORMATION TO THE EFFECT THAT FORD AND CHRYSLER MAY QTE EXHIBIT UNQTE VEHICLES (PRESUMABLY INCLUDING, IN FORD CASE, LIGHT TRUCKS) WHICH ARE BEING SOLD TO CUBA UNDER CONTRACTS ALREADY CONCLUDED. (GM DOES NOT NOW HAVE CONTRACT, BUT EXPECTS TO CONCLUDE AGREEMENT COVERING 6,000 PASSENGER

VEHICLES MAY 20, E.G., BEFORE ACTUAL EXHIBITION OF VEHICLES IN CUBA.) NEVERTHELESS EXHIBITION LICENSE APPLICATION DOES NOT ATTEMPT TO DRAW ANY DIRECT CONNECTION BETWEEN EXHIBITION OF VEHICLES AND ORDER FOR SALE OF GM VEHICLES TO ARGENTINA. SALES AGREEMENT FOR AUTOS APPEARS LIKELY TO BE CONCLUDED REGARDLESS OF GM PARTICIPATION IN EXHIBITION.

3. WE BELIEVE THAT EXHIBITION OF VEHICLES IS BEST VIEWED AS A PART OF THE SALES TRANSACTION WITH CUBA RATHER THAN AS A DISTINCT TRANSACTION WHICH MUST BE TREATED AND LICENSED SEPARATELY, TO EXTENT EXHIBITION VEHICLES ARE OF SAME GENERAL TYPE AS THOSE FOR WHICH SALE IS CONTEMPLATED. WHILE SOME DISTINCTIONS CAN BE MADE BETWEEN TWO TRANSACTIONS, WE SUSPECT THE GOA, THE AUTO COMPANIES, AND PROBABLY THE PUBLIC, TO THE EXTENT THE LATTER IS AWARE, WOULD TEND TO VIEW THE TWO AS DIRECTLY RELATED. ACCORDINGLY, WE HAVE RECOMMENDED TO TREASURY AND COMMERCE THAT GENERAL MOTORS BE ADVISED AS FOLLOWS: (A) USG VIEWS EXHIBITION AS ESSENTIALLY PART OF THE SALES TRANSACTION TO EXTENT VEHICLES TO BE EXHIBITED ARE OF SAME TYPE AS THOSE TO BE SOLD; (B) WE WILL TREAT GM APPLICATION FOR LICENSING OF EXHIBITION SAID VEHICLES AS AMENDMENT TO APPLICATION FOR SALE AND WILL MAKE LICENSE WHEN ULTIMATELY ISSUED SPECIFICALLY APPLICABLE TO EXHIBITION AS WELL AS TO SALE. BECAUSE OF LEAD TIME NECESSARY FOR SHIP LOADING, WE PLAN TO ADVISE GM INFORMALLY OF OUR TENTATIVE VIEWS TODAY, ALTHOUGH WE WILL DEFER FORMAL NOTIFICATION TO GM

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UNTIL MONDAY, MAY 13.

4. WITH RESPECT TO EXHIBITION (AND POSSIBLE SALE) OF HEAVY DUTY TRUCKS, WE PROPOSE THAT GM BE ADVISED THAT IT APPEARS TO US TO BE SEPARATE TRANSACTION NOT EMBRACED BY PENDING APPLICATION OR CONTRACT TO BE CONCLUDED MAY 20. THEREFORE, IT WILL HAVE TO BE CONSIDERED SEPARATELY ON ITS OWN MERITS; THIS PROCESS CANNOT BE COMPLETED IN TIME TO

COMPLY WITH GM'S REQUEST FOR A DECISION DURING THE NEXT
FEW DAYS. NSC AND TREASURY CONCUR.

5. WE HAVE ALSO BEEN APPROACHED BY GOODYEAR AND FIRESTONE
WHO EXPECT TO BE SUPPLYING TIRES TO FORD, CHRYSLER AND
PERHAPS GM FOR AUTOMOBILE SALES TRANSACTIONS WITH CUBA.
THEY HAVE ASKED WHETHER THEY SHOULD SUBMIT APPLICATIONS
FOR LICENSES OR WHETHER THE LICENSES ISSUED TO THE AUTO
COMPANIES WILL COVER TIRES. DEPT PROPOSES TO ASK TREASURY
TO ISSUE LICENSES TO AUTO COMPANIES WHICH WILL COVER,
INTER ALIA, ORIGINAL EQUIPMENT AND WARRANTY

REPLACEMENT TIRES, AND TO ADVISE FIRESTONE AND GOODYEAR
THAT SEPARATE LICENSE APPLICATIONS WILL NOT REPEAT NOT BE
REQUIRED FOR TI
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TRUCKS, AUTOMOBILES, EXPORT LICENSES, TIRES, TOSEC 499
Control Number: n/a
Copy: SINGLE
Draft Date: 10 MAY 1974
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Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GarlanWA
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Executive Order: GS
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